

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

MCDONALD'S CORPORATION,	:
Plaintiff,	: No. 1:19-cv-06471-DLI-ST
v.	:
VANDERBILT ATLANTIC HOLDINGS	: DECLARATION OF SHARON
LLC,	: LOCATELL, MAI, CRE, MRICS
Defendant.	:

SHARON LOCATELL, declares, pursuant to 28 U.S.C. § 1746, as follows:

1. I am President of Appraisers & Planners Inc. and served as the party-appointed appraiser for McDonald's Corporation in the fair market rent valuation ("FMV") process under the ground lease agreement dated March 18, 1998 (the "McDonald's Lease") between Anthony M. Musto and McDonald's for the property located at 840 Atlantic Avenue, Brooklyn, New York (the "Property").

2. I presented my FMV conclusion for the Property in a restricted appraisal report as a letter opinion of value dated June 17, 2019, and in a slightly revised letter opinion dated September 20, 2019.

3. I researched the market and identified eleven comparable ground leases and one listing of a commercial site. I arrived at my FMV opinion by analyzing and adjusting the comparable ground leases.

4. A review of my work file for this matter shows that my firm's research of the Property identified public records for a memorandum of a 99-year ground lease for the Property

dated November 30, 2017 (the “Vanderbilt / M.M.B. Lease”) between M.M.B. Associates, LLC (the fee owner of the Property) and Vanderbilt Atlantic Holdings LLC.

5. My colleague, Ellen Benjamin, sent an email to Michael Meyer, Carol DeMarco, and Rita Nocito of McDonald’s on December 18, 2018 advising that public records showed that the Vanderbilt / M.M.B. Lease had a reported value of \$7 million, based on the New York State transfer tax of \$28,000 paid for the transaction.

6. Carol DeMarco and I communicated specifically about the Vanderbilt / M.M.B. Lease in April 2019.

7. My recollection is that McDonald’s advised at that time that it did not have access to any additional information about the financial terms of the Vanderbilt / M.M.B. Lease.

8. The Vanderbilt / M.M.B. Lease is a relevant piece of market data, but it did not impact my conclusion because (a) I had more than enough comparable ground leases to conduct my analysis, (b) the \$7 million valuation for the 99-year lease reported in public records was entirely consistent with my FMV conclusion of \$350,000 per annum given that appropriate ground rent rates range from 4% to 6% (as noted in the sales comparison analysis I provided to McDonald’s in December 2018), resulting in a mid-range FMV of \$350,000 at that valuation, (c) the \$7 million valuation reflected the parties’ estimate of the value of the full 99-year term of the Vanderbilt / M.M.B. Lease and I had been tasked with estimating the FMV for the first five-year renewal term of the McDonald’s Lease, and (d) my client, McDonald’s, did not have access to the Vanderbilt / M.M.B. Lease.

9. If the publicly reported \$7 million valuation of the Vanderbilt / M.M.B. Lease was inconsistent with my FMV opinion, I would have noted the disparity in value.

I declare under penalty of perjury that the foregoing is true and correct.

Executed On: June 8, 2022

Sharon Locatell, MAI, CRE, MRICS



Debbie V. Percival